

**AVERAGE FM STATION IN MARKET  
WITH \$5 MILLION IN REVENUE**

**EXHIBIT A**

<b>AUDIENCE ANALYSIS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>
Total Market Population	175,000	176,750	178,518	180,303	182,106	183,927	185,766	187,624
Percentage of Terrestrial Listening:								
Vehicles	30.0%	30.3%	30.5%	30.8%	31.0%	31.3%	31.5%	31.8%
At Home	40.5%	40.0%	39.5%	39.0%	38.5%	38.0%	37.5%	37.0%
Other	29.5%	29.8%	30.0%	30.3%	30.5%	30.8%	31.0%	31.3%
Terrestrial Market AQH of Listening	175	175	175	175	175	175	175	175
AQH of Listening:								
Vehicles	53	53	53	54	54	55	55	56
At Home	71	70	69	68	67	67	66	65
Other	52	52	53	53	53	54	54	55
Percentage Loss of AQH to DARS	0.04%	0.07%	0.10%	0.18%	0.26%	0.40%	0.65%	1.06%
Terrestrial Market AQH of Listening w/ DARS	175	175	175	175	175	174	174	173
DARS AQH of Listening	0.1	0.1	0.2	0.3	0.5	0.7	1.1	1.9
Percentage of AQH DARS Listening:								
Vehicles	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
At Home	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Other	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
AQH of DARS Listening:								
Vehicles	0.0	0.1	0.1	0.2	0.3	0.5	0.8	1.3
At Home	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.3
Other	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.3
Terrestrial Market AQH of Listening w/ DARS:								
Vehicles	52	53	53	54	54	54	54	54
At Home	71	70	69	68	67	66	65	64
Other	52	52	52	53	53	54	54	54
Percentage of AQH Listening w/ DARS:								
Vehicles	30.0%	30.2%	30.5%	30.7%	30.9%	31.1%	31.2%	31.3%
At Home	40.5%	40.0%	39.5%	39.0%	38.6%	38.1%	37.6%	37.2%
Other	29.5%	29.8%	30.0%	30.3%	30.5%	30.8%	31.1%	31.4%

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**EXHIBIT B**

<b>REVENUE ANALYSIS</b>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Percentage of Market Revenue National	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Percentage of Market Revenue Local	88.5%	88.5%	88.5%	88.5%	88.5%	88.5%	88.5%	88.5%
CPM Without DARS Impact	\$163.27	\$171.43	\$180.00	\$189.00	\$198.45	\$208.37	\$218.79	\$229.73
Percentage Reduction of AQH With DARS Impact	0.04%	0.07%	0.10%	0.18%	0.26%	0.40%	0.65%	1.06%
Percentage of DARS Revenue Generated From Sources Other Than Radio Advertisers	80.00%	70.00%	60.00%	55.00%	50.00%	50.00%	50.00%	50.00%
Percentage Decline In CPM With DARS Impact	0.01%	0.02%	0.04%	0.08%	0.13%	0.20%	0.32%	0.53%
CPM With DARS Impact	\$163.25	\$171.39	\$179.93	\$188.85	\$198.19	\$207.96	\$218.08	\$228.51
<b>Market Revenue:</b>								
National	\$575,000	\$609,788	\$646,680	\$685,804	\$727,295	\$771,296	\$817,960	\$867,446
Local	<u>\$4,425,000</u>	<u>\$4,692,713</u>	<u>\$4,976,622</u>	<u>\$5,277,707</u>	<u>\$5,597,008</u>	<u>\$5,935,628</u>	<u>\$6,294,733</u>	<u>\$6,675,564</u>
<b>Total Market Revenue</b>	<b>\$5,000,000</b>	<b>\$5,302,500</b>	<b>\$5,623,301</b>	<b>\$5,963,511</b>	<b>\$6,324,303</b>	<b>\$6,706,924</b>	<b>\$7,112,693</b>	<b>\$7,543,011</b>
Growth in Percent		6.1%	6.1%	6.0%	6.1%	6.1%	6.1%	6.1%
<b>Market Revenue w/ DARS Impact:</b>								
National	\$574,593	\$608,718	\$644,338	\$680,987	\$719,137	\$758,005	\$794,907	\$827,463
Local	<u>\$4,425,000</u>	<u>\$4,692,713</u>	<u>\$4,976,622</u>	<u>\$5,277,707</u>	<u>\$5,597,008</u>	<u>\$5,935,628</u>	<u>\$6,294,733</u>	<u>\$6,675,564</u>
<b>Total Market Revenue w/ DARS Impact</b>	<b>\$4,999,593</b>	<b>\$5,301,431</b>	<b>\$5,620,960</b>	<b>\$5,958,694</b>	<b>\$6,316,145</b>	<b>\$6,693,632</b>	<b>\$7,089,640</b>	<b>\$7,503,028</b>
Growth in Percent		6.0%	6.0%	6.0%	6.0%	6.0%	5.9%	5.8%
Audience Share of Terrestrial Listening Power Ratio	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Station Market Revenue Share	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Gross Station Time Sales	\$600,000	\$636,300	\$674,796	\$715,621	\$758,916	\$804,831	\$853,523	\$905,161
Less: Commissions	102,000	108,171	114,715	121,656	129,016	136,821	145,099	153,877
Plus: Other Income	<u>15,000</u>	<u>15,908</u>	<u>16,870</u>	<u>17,891</u>	<u>18,973</u>	<u>20,121</u>	<u>21,338</u>	<u>22,629</u>
<b>Station Net Revenues</b>	<b>\$513,000</b>	<b>\$544,037</b>	<b>\$576,951</b>	<b>\$611,856</b>	<b>\$648,874</b>	<b>\$688,130</b>	<b>\$729,762</b>	<b>\$773,913</b>
<b>Station Revenues w/ DARS Impact</b>	<b>\$599,951</b>	<b>\$636,172</b>	<b>\$674,515</b>	<b>\$715,043</b>	<b>\$757,937</b>	<b>\$803,236</b>	<b>\$850,757</b>	<b>\$900,363</b>
Less: Commissions	101,992	108,149	114,668	121,557	128,849	136,550	144,629	153,062
Plus: Other Income	<u>14,999</u>	<u>15,904</u>	<u>16,863</u>	<u>17,876</u>	<u>18,948</u>	<u>20,081</u>	<u>21,269</u>	<u>22,509</u>
<b>Station Net Revenues w/ DARS Impact</b>	<b>\$512,958</b>	<b>\$543,927</b>	<b>\$576,711</b>	<b>\$611,362</b>	<b>\$648,037</b>	<b>\$686,767</b>	<b>\$727,397</b>	<b>\$769,811</b>

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**EXHIBIT C**

**OPERATING EXPENSE ANALYSIS**

**Initial Operating Expenses as a Percentage of Revenue**

Engineering	5.0%
Programming & Production/News	20.0%
Sales/Advertising & Promotion	30.0%
General and Administrative	30.0%

<b><u>Annual Percentage Increase</u></b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>	<b><u>Year 4</u></b>	<b><u>Year 5</u></b>	<b><u>Year 6</u></b>	<b><u>Year 7</u></b>	<b><u>Year 8</u></b>
Technical	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Programming	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Sales	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
General and Administrative	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

**Operating Expenses**

Technical	\$25,650	\$26,420	\$27,212	\$28,028	\$28,869	\$29,735	\$30,627	\$31,546
Programming	102,600	106,704	110,972	115,411	120,027	124,829	129,822	135,015
Sales	153,900	160,056	166,458	173,117	180,041	187,243	194,733	202,522
General and Administrative	153,900	160,056	166,458	173,117	180,041	187,243	194,733	202,522

**Percentage Adjustments for DARS Impact**

Technical	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Programming	1.3%	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.5%
Sales	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
General and Administrative	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Operating Expenses with DARS Impact**

Technical	\$25,650	\$26,420	\$27,212	\$28,028	\$28,869	\$29,735	\$30,627	\$31,546
Programming	103,883	108,038	112,359	116,854	121,828	126,701	131,769	137,040
Sales	154,670	160,856	167,291	173,982	180,941	188,179	195,706	203,535
General and Administrative	153,900	160,056	166,458	173,117	180,041	187,243	194,733	202,522

Note: Sales expenses are exclusive of Agency and Representatives Commissions

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**EXHIBIT D**

**OPERATING INCOME ANALYSIS**

<u>Without DARS Impact</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Net Revenues	\$513,000	\$544,037	\$576,951	\$611,856	\$648,874	\$688,130	\$729,762	\$773,913
Operating Expenses	<u>436,050</u>	<u>453,236</u>	<u>471,101</u>	<u>489,673</u>	<u>508,979</u>	<u>529,050</u>	<u>549,914</u>	<u>571,605</u>
Operating Income	\$76,950	\$90,801	\$105,850	\$122,184	\$139,894	\$159,081	\$179,848	\$202,308
Operating Margin	15.0%	16.7%	18.3%	20.0%	21.6%	23.1%	24.6%	26.1%
<u>With DARS Impact</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Total Net Revenues	\$512,958	\$543,927	\$576,711	\$611,362	\$648,037	\$686,767	\$727,397	\$769,811
Operating Expenses	<u>438,102</u>	<u>455,370</u>	<u>473,320</u>	<u>491,981</u>	<u>511,680</u>	<u>531,858</u>	<u>552,835</u>	<u>574,642</u>
Operating Income	\$74,856	\$88,557	\$103,390	\$119,381	\$136,357	\$154,908	\$174,562	\$195,168
Operating Margin	14.6%	16.3%	17.9%	19.5%	21.0%	22.6%	24.0%	25.4%
Operating Income Difference	\$2,094	\$2,244	\$2,460	\$2,802	\$3,538	\$4,172	\$5,286	\$7,140
Percentage Difference	-2.7%	-2.5%	-2.3%	-2.3%	-2.5%	-2.6%	-2.9%	-3.5%

## **8. Impact of New Technologies on Existing Technologies- Two Examples**

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The following cases illustrate the effect of the entry of a new technology in a communications industry on the existing older technology. In both examples, the new technology has successfully entered the market without creating a significant negative impact on the existing technology. The first case looks at the impact of cable television on terrestrial broadcast television, while the other examines the impact of DBS (direct broadcast satellite) technology on cable.

### **Case #1 Cable Television and Broadcast Television**

The first cable television systems, called CATV or community antenna television were built during the period from 1948 to 1964, mostly in small cities and towns where off-air terrestrial television was limited and reception was poor. CATV systems basically provided reception service, offering up to 12 channels with no unique programming. Systems generally enjoyed high levels of penetration, ranging from approximately 50% to 80% of homes passed, and cable rates were low. The average monthly cable rate from 1960-1964 was \$5.00 (*The Cable TV Financial Databook*, Paul Kagan Associates).

During the period from 1965 to 1972, cable systems were built in medium-sized markets, importing distant signals via terrestrial microwave. Rulings by the Federal Communications Commission (FCC) in 1965 and 1966 initiated a regulatory period that lasted two decades. FCC constraints were placed on importing distant signals which inhibited the construction of systems in the largest 100 markets. In 1972, the FCC eased its restrictions on signal importation, thereby making it feasible for cable television operators to enter the nation's top 100 markets with differentiated product.

Satellite delivered premium television services (HBO, Showtime) and Superstations (WTBS) were introduced in 1975. Satellite transmissions and coaxial cable distribution provided the first sustained challenge to the virtual dominance of television by the three broadcast networks (ABC, CBS, NBC) and their affiliate stations.

During the mid- to late- 1970's, new 24- to 36-channel cable TV systems emerged as a result of new communications satellite services. Significant increases in programming options allowed cable systems to attract ample numbers of subscribers and to attain profitability even where off-air broadcast reception and leisure-time options were plentiful. The smallest 50 of the top 100 U.S. markets were cabled first, followed by the larger metropolitan areas, and by 1983 the remaining major markets were franchised.

In 1984, Congress enacted the first comprehensive cable legislation, the Cable Communications Policy Act of 1984. The Act removed local rate regulation in all systems except for cable systems in areas not subject to effective competition. After a transition period in 1986, rate deregulation was implemented in January 1987. During the period 1984 through the early 1990's, the mix of cable offerings and pricing changed as growth in premium channel subscriptions slowed and local constraints on basic service rate increases were removed.

In 1992, the Cable Television Consumer Protection and Competition Act was passed, and in September 1993, the first of the FCC-directed rate roll-backs occurred.

Cable television compliments and competes with broadcast television. By distributing local TV signals to homes that could not receive them clearly and consistently, cable expands the reach and potential audience for broadcast television. By creating and distributing new cable programming (HBO, CNN, MTV, Nickelodeon, The Discovery Channel, U.S.A., Arts & Entertainment , C-SPAN and many more), cable competes with broadcast networks and local TV stations for audiences and advertising revenues.

As cable penetration, ratings and revenues have climbed, the broadcast television industry has maintained its leadership position in TV ratings and share. (Table 2.1 and 2.3) Nielsen ratings for the individual broadcast networks, including relative newcomer FOX, are significantly higher than ratings for any cable channel. In May, 1995, the prime time ratings for the broadcast channels averaged about 7.9, while the most heavily viewed cable channel received a rating of 2.6. (Table 2.2)

**Table 2.1 Total Day Ratings- Broadcast and Cable Channels**

Year	Network-Affiliated Stations	Independent Stations (excluding Superstations)	All Broadcast Television Stations	Basic Cable Channels	Pay Cable Channels	All Cable Channels
1984	19.4	4.8	24.1	2.0	1.8	3.8
1985	19.4	4.6	24.0	2.3	1.9	4.2
1986	19.5	4.8	24.4	2.5	1.5	4.0
1987	18.0	4.8	22.8	3.2	1.8	5.0
1988	17.5	5.0	22.4	3.7	2.0	5.7
1989	16.6	4.7	21.3	4.5	2.0	6.5
1990	15.5	4.8	20.2	5.2	2.0	7.1
1991	16.1	4.4	20.4	6.5	1.8	8.3
1992	18.6	3.2	21.8	7.3	1.6	8.9
1993	18.7	3.3	22.0	7.6	1.6	9.2
1994	18.7	3.5	22.2	7.9	1.7	9.6
1995	18.6	3.8	22.4	8.1	1.7	9.8
1996	18.7	4.2	22.9	8.4	1.6	10.0
1997	18.6	4.6	23.2	8.7	1.6	10.3
1998	18.8	4.7	23.5	9.1	1.6	10.7
1999	18.7	4.9	23.6	9.5	1.7	11.2

Note: Network affiliated stations include FOX affiliates beginning with the fourth quarter of 1991. Projections for 1995-1999 include UPN and The WB affiliates.

Source: Veronis, Suhler & Associates, Wilkovsky Gruen Associates and A.C. Nielsen.

**Table 2.2**  
**Prime Time Ratings- Broadcast Networks and Cable Channels- 5/95**

<b>Broadcast Networks</b>	
ABC	8.9
CBS	8.5
NBC	9.2
FOX	5.1
<b>Cable Channels</b>	
USA	2.6
TBS	2.0
Nick at Nite	1.5
ESPN	1.4
Lifetime	1.3
CNN	1.2
Discovery	1.2
A & E	1.1
TNN	1.1
The Family Channel	1.1

Source: *Variety* 6/12-18/95, and Paul Kagan Associates, *Cable TV Programming*, 5/22/95.

**Table 2.3 Shares of Total Day Television Viewing in All TV Households**

Year	Network-Affiliated Stations	Independent Stations (excluding Superstations)	All Broadcast Television Stations	Non-Premium Cable Prog. Services	Premium Cable Prog. Services	All Cable Channels
1984	69.3%	17.0%	86.3%	7.2%	6.4%	13.7%
1985	68.8	16.4	85.2	8.2	6.6	14.8
1986	68.8	17.0	85.8	8.9	5.3	14.2
1987	64.9	17.2	82.1	11.4	6.5	17.9
1988	62.1	17.6	79.7	13.1	7.2	20.3
1989	59.9	16.9	76.7	16.1	7.2	23.3
1990	56.6	17.4	74.0	18.8	7.1	26.0
1991	56.0	15.2	71.1	22.8	6.1	28.9
1992	60.5	10.5	71.0	23.8	5.2	29.0
1993	60.0	10.6	70.5	24.4	5.1	29.5
1994	58.9	11.1	69.9	24.9	5.2	30.1
1995	57.8	11.8	69.6	25.2	5.3	30.4
1996	56.8	12.8	69.6	25.5	4.9	30.4
1997	55.5	13.7	69.3	26.0	4.8	30.7
1998	55.0	13.7	68.7	26.6	4.7	31.3
1999	53.7	14.1	67.8	27.3	4.9	32.2

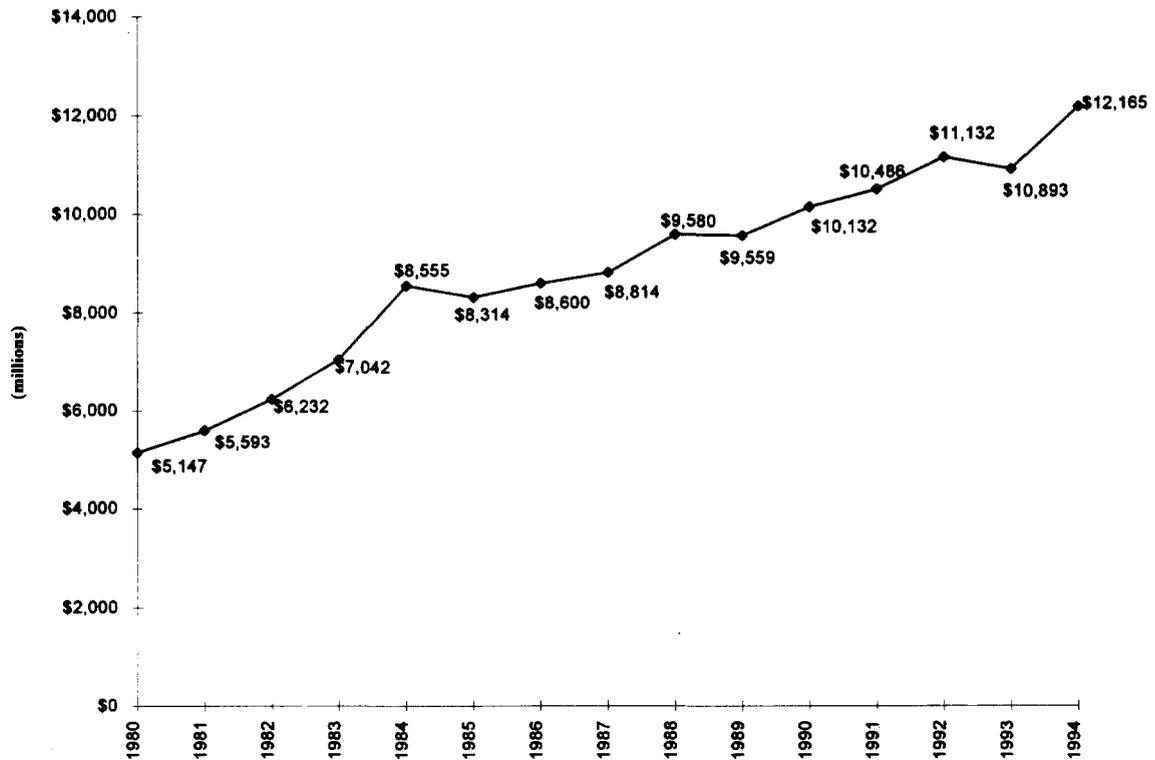
Note: Network affiliated stations include FOX affiliates beginning with the fourth quarter of 1991. Projections for 1995-1999 include UPN and The WB affiliates.

Source: Veronis, Suhler & Associates, Wilkovsky Gruen Associates and A.C. Nielsen.

More importantly, the value of the networks and network broadcast stations has increased throughout the advent and development of the cable industry. Network television revenues reached approximately \$12.2 billion in 1994, increasing by nearly 50% from 1984. (Figure 2.1) Moreover network advertising revenue growth is expected to climb. In *1995 Communication Industry Forecast*, the investment banking firm Veronis, Suhler & Associates predicts “stable ratings, a growing audience, a reasonably healthy advertising environment should lead to faster-growing advertising for the broadcast networks over the next five years.” For 1994-1999, Veronis Suhler forecasts Network advertising to rise at a 4.8% compound annual rate, an improvement over the annual increase over the last five years.

Thus despite some network audience erosion to new cable channels and cable’s growing importance as an advertising medium, the broadcast television industry has flourished during the past decade-- a period of cable’s maturation and greatest growth-- and broadcast networks and stations are projected to continue to flourish into the 21st century.

**Figure 2.1 Network Television Revenues, 1980-1994**



Note: Beginning in 1993, the Fox Network is included.

Source: Veronis Suhler & Associates

*\*Note: Dollars in Figure 2.1 have not been adjusted for inflation.*

Table 2.4 presents additional data which demonstrate broadcast television's growing appeal (as measured by hours of usage) over the past several years, despite the simultaneous growth of cable television's appeal to viewers. As shown, the hours per person annually using broadcast television have grown since 1992, and are forecast to continue to grow through 1998. The usage of cable television has grown every year since 1990 and is forecast to continue through 1999.

**Table 2.4 Hours Per Person Per Year Using Media**

**TELEVISION**

<b>Year</b>	<b>Network Affiliated Stations*</b>	<b>Independent Stations *</b>	<b>Total Broadcast Television</b>	<b>Non-Premium Cable Channels **</b>	<b>Premium Channels</b>	<b>Total Cable TV</b>	<b>Total TV</b>	<b>Radio</b>	<b>Recorded Music</b>
1989	835	345	1,180	210	95	305	1,485	1,155	220
1990	780	340	1,120	260	90	350	1,470	1,135	235
1991	838	227	1,065	340	90	430	1,495	1,115	219
1992	914	159	1,073	359	78	437	1,510	1,150	233
1993	920	162	1,082	375	78	453	1,535	1,082	248
1994	919	172	1,091	388	81	469	1,560	1,102	294
<b>Projections</b>									
1995	913	185	1,098	398	84	482	1,580	1,092	317
1996	909	205	1,114	408	78	486	1,600	1,087	323
1997	896	221	1,117	420	78	498	1,615	1,077	343
1998	899	224	1,123	435	77	512	1,635	1,067	365
1999	884	231	1,115	449	81	530	1,645	1,060	387

Source: Veronis, Suhler & Associates, Wilkofsky Gruen Associates

\*Affiliates of the Fox network are counted as network affiliates for part of 1991 and all of 1992, but as independent stations in earlier years.

\*\*Includes satellite-delivered non-premium channel TBS beginning in 1992

## **Case #2 DBS (Direct Broadcast Satellite) and Cable Television**

DBS (Direct an industry Broadcast Satellite)'s impact on the cable industry provides another example of a new technology entering successfully, yet not damaging the existing technology. DBS refers to the use of communications satellite in geostationary orbits to transmit multiple channels of video programming to homes equipped with small receiving antennas or dishes. In Europe, the service is referred to as DTH.

DBS technology is different from and in some respects superior to cable television. DBS's digital technology provides sharper pictures and superior sound than available on all but the most advanced cable systems. However, the cost advantage resides with cable.

Three digitally compressed DBS services were launched in the U.S. in the summer of 1994: DirecTV, owned by Hughes Communications, Inc., Primestar, owned by a consortium of cable multiple system operators (MSOs) and United States Satellite Broadcasting (USSB), owned by Hubbard Broadcasting. The three services offer over 100 different channels of programming, including all channels offered by cable systems, additional niche-focused programming, and multiple channels of pay-per-view.

Although DBS has only been available for one year, it is worthwhile examining because of the close parallels which can be drawn between the DBS and Satellite DARS industries. Both are new technologies which offer essentially similar services as the existing providers, cable television and broadcast radio stations, but utilize a more sophisticated digital technology for delivery.

While DBS offers more channels than cable and digital quality reception, the cable industry has not as yet lost market share to the new satellite service providers. DBS subscribers numbered approximately one million by mid-1995. (Table 2.5) Nevertheless, cable penetration, subscriber and advertising revenue increased during the past year. Cable operator revenues took a slight dip in 1994 as was expected with re-regulation of cable rates. (Figures 2.2, 2.3, 2.4 and 2.5).

MTA-EMCI forecasts approximately 6.5 million DBS subscribers by 2000, and cable subscribers projections estimate continued growth with 62.5 million subscribers in 2000. (Figures 2.6 and 2.7).

If projections from MTA-EMCI and other sources are borne out, DBS will emerge as a successful new television technology during the next five years, competing with cable television for subscribers, and to a lesser extent, advertising. DBS's growth, projected to reach over 6 million subscribers by 2000, will inevitably reduce the growth of cable television revenue. Nevertheless, the adverse impact of DBS on cable is likely to be minimal. The cable industry is projected to continue to grow, to develop and market new services and to perform well financially.

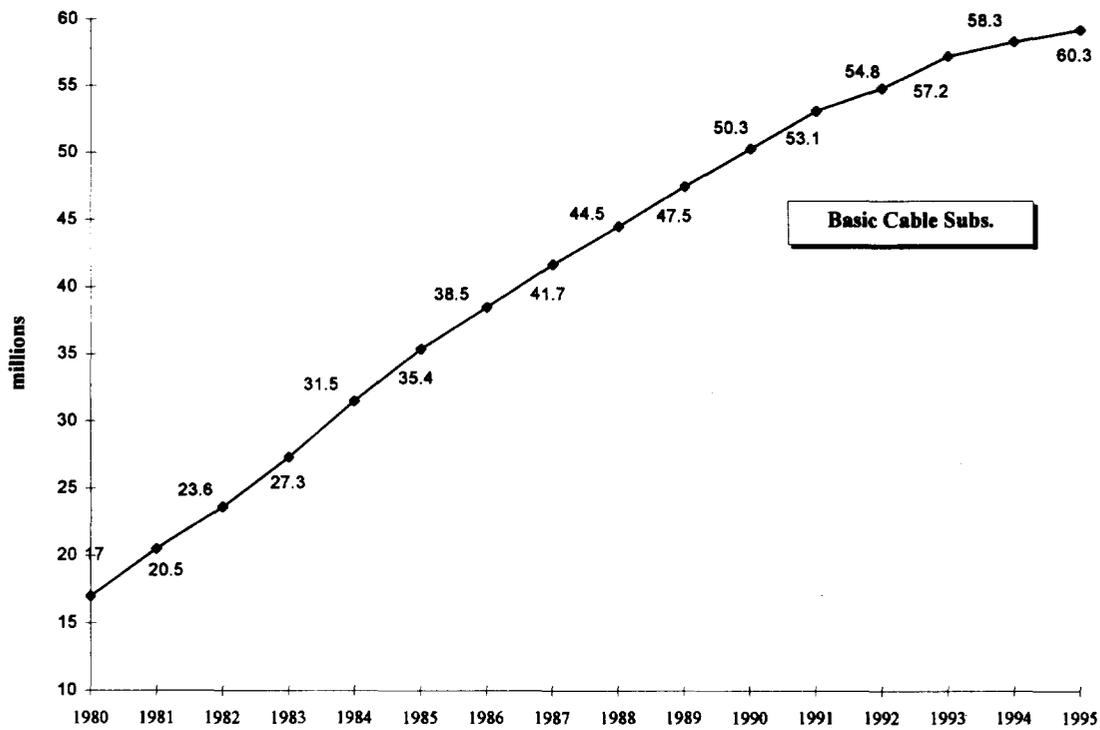
The introduction of a new technology, DBS, benefits consumers by providing a viable competitive alternative to cable, just as Satellite DARS will offer more listeners a viable competitive alternative to terrestrial radio.

**Table 2.5 DBS Subscribers 4/95**

Provider	Subscribers
Primestar	385,000
DirecTV (and USSB)	550,000

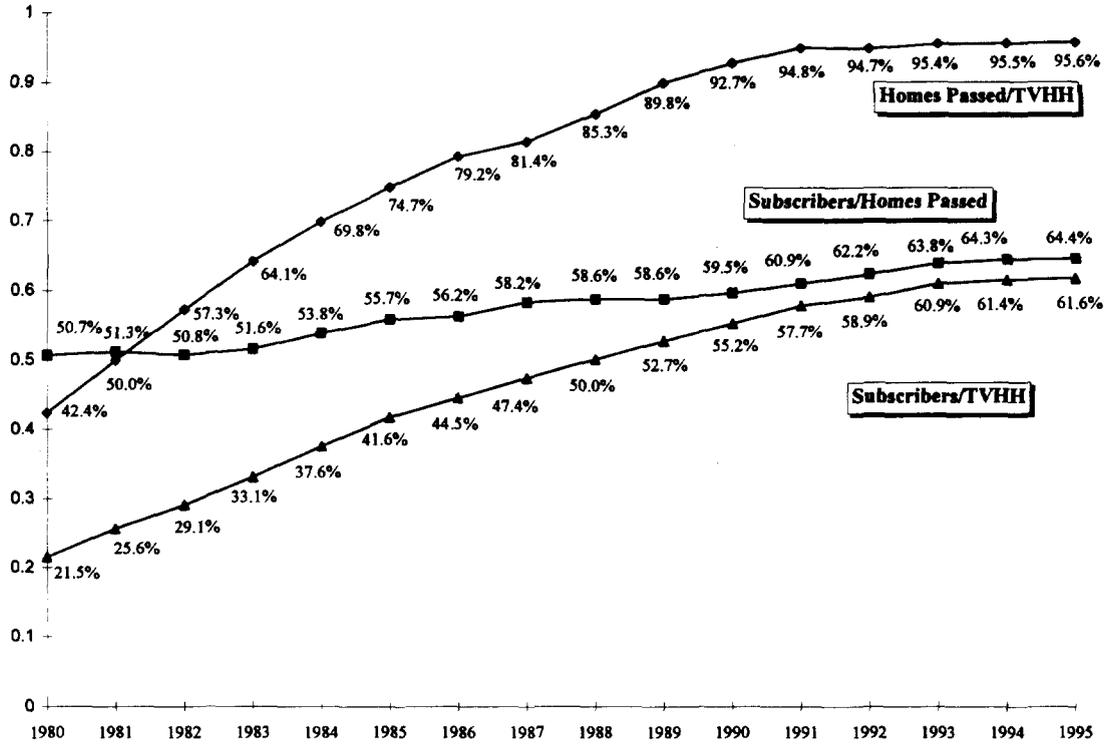
Source: Sky Report, May 1995.

**Figure 2.2 Total Basic Cable Subscribers, 1980-1995**



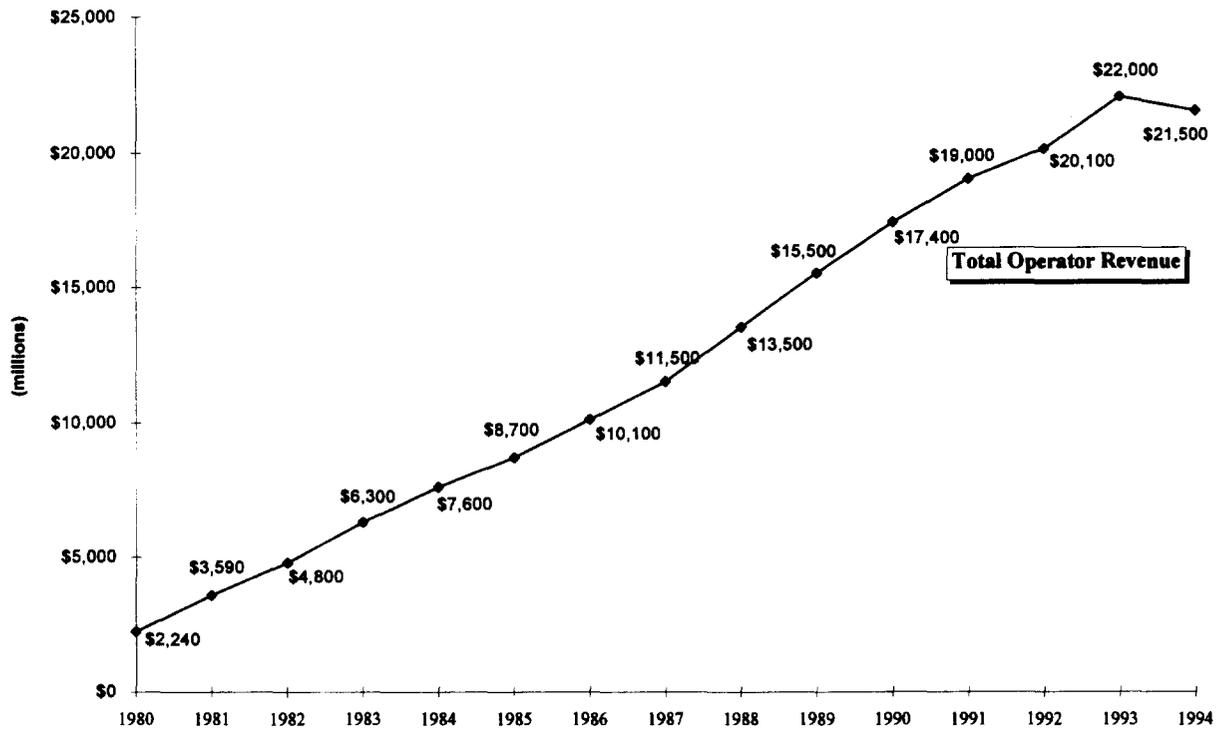
Source: MTA-EMCI, *Cable Trends: 1980-2000*.

**Figure 2.3 Cable TV Penetration, 1980-1995**



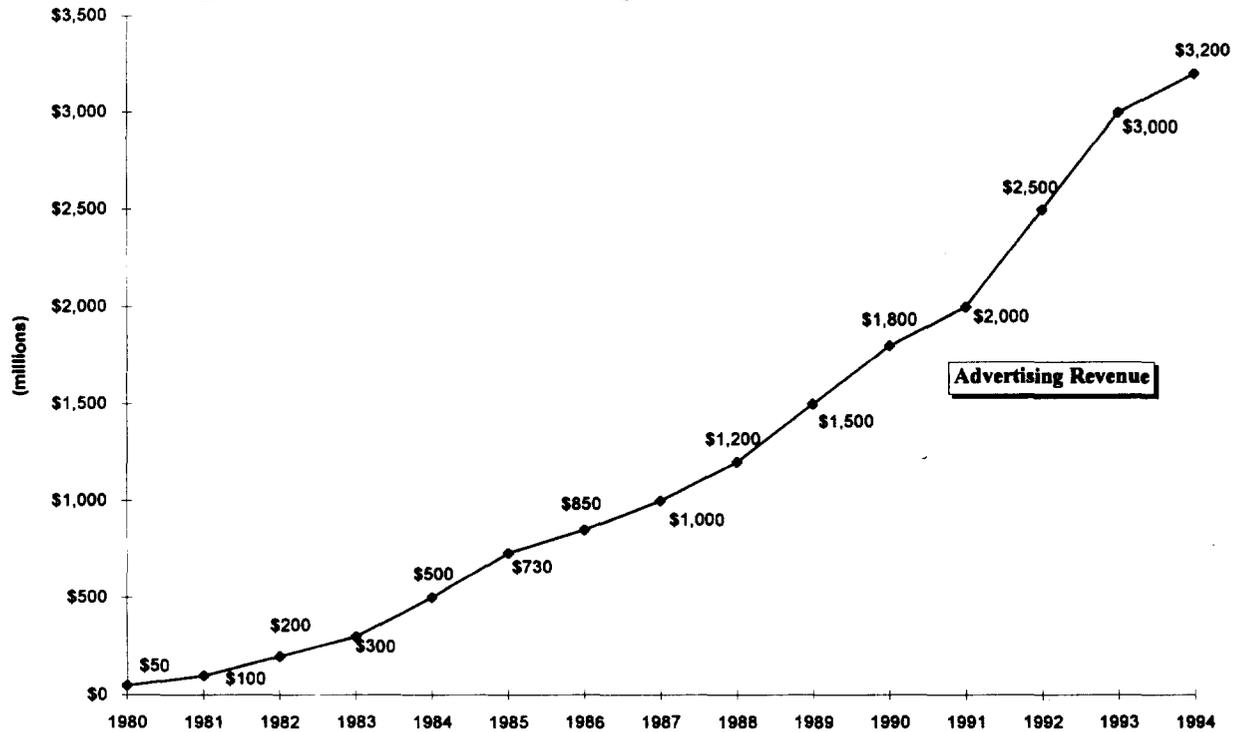
Source: MTA-EMCI, *Cable Trends: 1980-2000*.

**Figure 2.4 Total Cable Operator Revenue, 1980-1995**



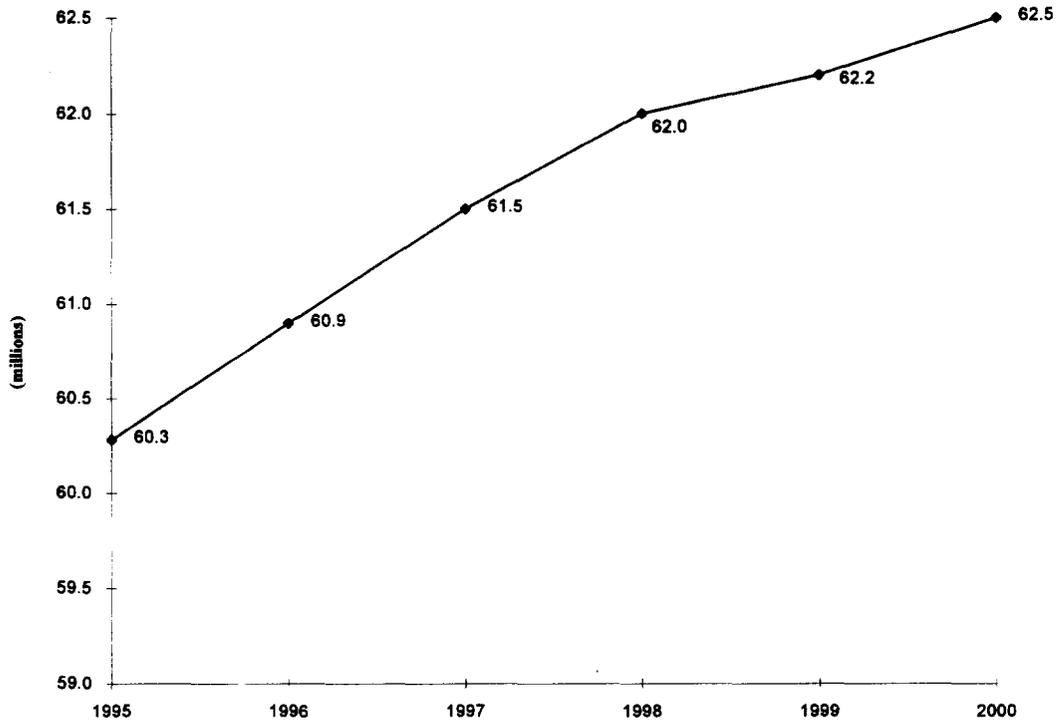
Source: MTA-EMCI, *Cable Trends: 1980-2000*.

**Figure 2.5 Cable Advertising Revenue, 1980-1995**



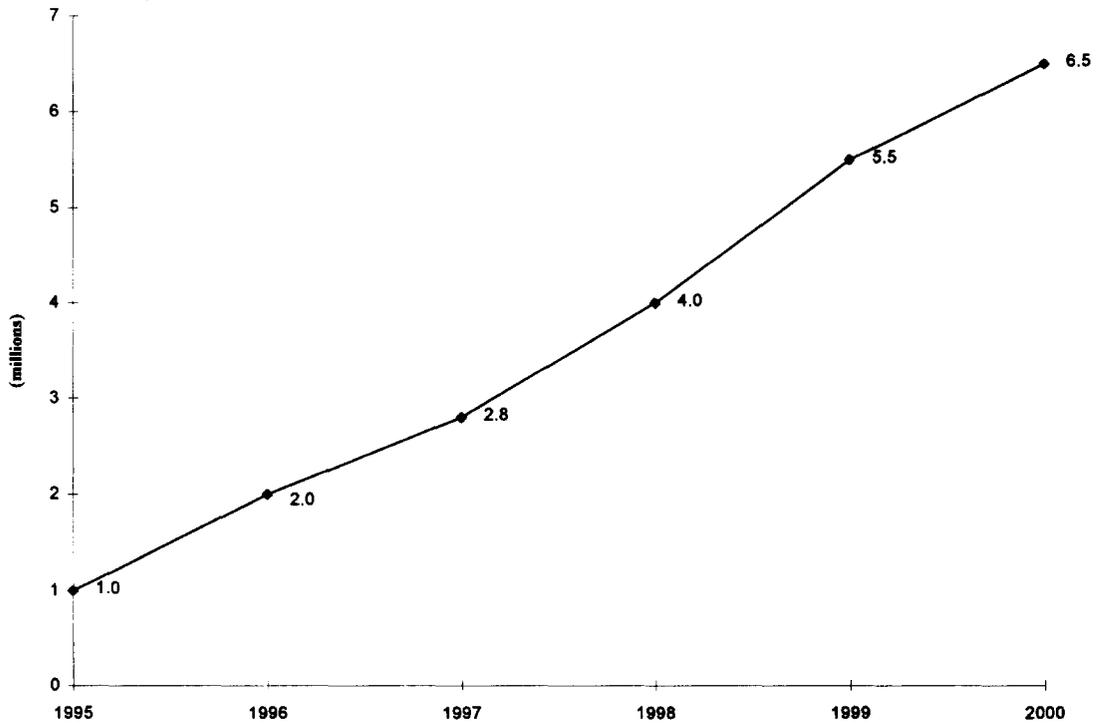
Source: MTA-EMCI, *Cable Trends: 1980-2000*.

**Figure 2.6 Cable Subscriber Projections, 1995-2000**



Source: MTA-EMCI, *Cable Trends: 1980-2000*.

**Figure 2.7 DBS Subscriber Projections, 1995-2000**



Source: MTA-EMCI and Veronis, Suhler & Associates.

## **9. Qualifications of Malarkey-Taylor Associates-EMCI**

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MTA is the oldest consulting firm specializing in the fields of cable television, broadcasting, paging, mobile radio and cellular telephone. Our organization is composed of a multi-disciplinary team of professionals who combine academic training in accounting, finance, engineering, marketing, management, economics and law with many years of experience solving problems for hundreds of clients in both the public and private sectors.

A large portion of our financial, engineering and managerial professionals' time is devoted to the appraisal of cable systems, broadcasting stations, paging systems, mobile radio systems and cellular telephone systems. Since 1964, we have appraised hundreds of properties for purposes of financing, ownership transfers, and estate planning and probating. MTA has supplied expert testimony on system values in court and other legal hearings.

Malarkey Taylor Associates was founded in 1966 by Martin F. Malarkey and Archer S. Taylor as a cable television consulting firm. Mr. Malarkey and Mr. Taylor had established reputations as cable pioneers and prominent consultants, and their firm quickly became the premier consultancy in the emerging cable TV industry. In 1988 Malarkey Taylor Associates merged with Economic Consultants International, Inc. (EMCI), the country's leading provider of wireless consulting services, data and publications. The merged company, MTA-EMCI, provides research and consulting services to leading multi-nationals in every part of the world.

In addition to conducting market research, financial, and economic analysis, the Telecommunications and Technology Group (TTG) of MTA-EMCI focuses on providing strategic engineering support for emerging technologies including PCS/PCN, interactive television, telephony over cable television, and other related wireless and wireline technologies.

With headquarters in Washington, DC, MTA-EMCI has offices in London and Singapore as well as affiliate relationships in Japan, Korea, and Mexico City.